

UNIFIED SCHOOL DISTRICT NO. 473

Chapman, Kansas

Financial Statements

For the Year Ended June 30, 2015

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UNIFIED SCHOOL DISTRICT NO. 473
Financial Statements
For the Year Ended June 30, 2015

Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION	
Table of Contents	i - ii
FINANCIAL SECTION	
Independent Auditor's Report	1 - 2
Summary Statement of Receipts, Expenditures and Unencumbered Cash	3
Notes to the Financial Statements	4 - 11
Schedule 1 Summary of Expenditures - Actual and Budget	12
Schedule 2 Schedule of Receipts and Expenditures - Actual and Budget and Actual Only	
General Fund	13
Supplemental General Fund	14
At Risk (K-12) Fund	15
Bilingual Education Fund	16
Capital Outlay Fund	17
Driver Training Fund	18
Food Service Fund	19
Professional Development Fund	20
Parent Education Fund	21
Special Education Fund	22
Vocational Education Fund	23
KPERs Special Retirement Contribution Fund	24
Gifts and Grants Fund	25
Federal Funds	26
Student Materials Revolving Fund	27
Contingency Reserve Fund	28
Bond and Interest Fund	29
Schedule 3 Summary of Receipts and Disbursements Student Organization Funds	30
Schedule 4 Schedule of Receipts, Expenditures and Unencumbered Cash District Activity Funds	31

UNIFIED SCHOOL DISTRICT NO. 473
Financial Statements
For the Year Ended June 30, 2015

Table of Contents
(Continued)

	<u>Page Number</u>
GOVERNMENTAL AUDIT SECTION	
Schedule of Expenditures of Federal Awards	32
Notes to the Schedule of Expenditures of Federal Awards	33
Schedule of Findings and Questioned Costs	34 – 35
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"	36 - 37
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	38 - 39



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COMPANY^{PA}

INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 473
Chapman, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 473, Chapman, Kansas (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statement

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the District to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2015, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, summary of regulatory receipts and disbursements-agency funds, and the schedule of regulatory receipts, expenditures and unencumbered cash-district activity funds (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statements. However are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with "Government Auditing Standards", we have also issued our report dated October 21, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the District's internal control over financial reporting and compliance.

Other Matter

The 2014 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2014 basic financial statement upon which we rendered an unmodified opinion dated September 17, 2014. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link: <http://da.ks.gov/ar/muniserv/>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statements. The 2014 comparative information was subjected to auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statements or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly presented in all material respects in relation to the 2014 basic financial statements as a whole, on the basis of accounting described in Note 1.

Mye Houser: Company PA

Certified Public Accountants

Lawrence, KS
October 21, 2015

UNIFIED SCHOOL DISTRICT NO. 473
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2015

Funds	Beginning Unencumbered Cash <u>Balance</u>	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash <u>Balance</u>	Outstanding Encumbrances and Accounts Payable	Ending Cash <u>Balance</u>
Governmental Fund Types:							
General Funds:							
General	\$ -	\$ -	\$ 7,337,480	\$ 7,337,480	\$ -	\$ 35,678	\$ 35,678
Supplemental General	207,760	-	2,274,276	2,475,710	6,326	27,448	33,774
Special Purpose Funds:							
At Risk (K-12)	101,104	-	300,000	373,919	27,185	-	27,185
Bilingual Education	27,978	-	-	5,846	22,132	-	22,132
Capital Outlay	3,753,047	-	538,499	357,707	3,933,839	113,834	4,047,673
Driver Training	59,979	-	16,357	13,907	62,429	2,680	65,109
Food Service	30,987	-	664,366	686,660	8,693	-	8,693
Professional Development	3,783	-	1,000	4,296	487	-	487
Parent Education	75	-	46,250	46,238	87	6,868	6,955
Special Education	249,574	-	1,230,006	1,330,413	149,167	-	149,167
Vocational Education	101,594	-	320,107	397,433	24,268	-	24,268
KPERS Special Retirement							
Contribution	-	-	677,423	677,423	-	-	-
Gifts and Grants	3,791	-	28,540	24,638	7,693	5,206	12,899
Federal Funds	-	-	196,934	196,934	-	87	87
Student Materials Revolving	80,532	-	126,581	153,041	54,072	-	54,072
Contingency Reserve	770,159	-	-	116,069	654,090	-	654,090
District Activity	5,125	-	55,163	56,551	3,737	-	3,737
Bond and Interest Fund:							
Bond and Interest	899,853	-	659,070	581,705	977,218	-	977,218
Total	<u>\$ 6,295,341</u>	<u>\$ -</u>	<u>\$ 14,472,052</u>	<u>\$ 14,835,970</u>	<u>\$ 5,931,423</u>	<u>\$ 191,801</u>	<u>\$ 6,123,224</u>

Composition of Cash:

Astra Bank		
Checking Account	\$ 2,691,478	
Savings Accounts	100,394	
Certificate of Deposit	<u>10,000</u>	2,801,872
Exchange Bank		
Savings Accounts	<u>\$ 3,300,562</u>	3,300,562
Dickinson County Bank		
Checking	2,591	
Money Market	<u>\$ 100,243</u>	102,834
Cash Balance		6,205,268
Less: Agency Funds per Schedule 3		<u>[82,044]</u>
Total Reporting Entity (Excluding Agency Funds)		<u>\$ 6,123,224</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 473
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 473 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements include all the accounts for which the District is considered to be financially accountable. The District has no related municipal entities.

Reimbursed Expenses

Expenditures in the amount of \$121,528 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, and marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c) waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis for accounting.

UNIFIED SCHOOL DISTRICT NO. 473
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2015:

Governmental Funds

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific regulatory receipts sources (other than Capital Projects and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection amounts, etc.).

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in the local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after the publication the hearing may be held and the governing body may amend the budget at that time. The budget for the year ended June 30, 2015 was not amended.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

UNIFIED SCHOOL DISTRICT NO. 473
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized which cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds and the following special purpose funds: Student Materials Revolving, Contingency Reserve, and District Activity.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

NOTE 2 - Deposits

Deposits. K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

Investments. K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. As of June 30, 2015, the District held no investments.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has no designated "peak periods".

At June 30, 2015, the District's carrying amount of deposits were \$6,205,268 and the bank balance was \$6,309,517. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$603,041 was covered by federal depository insurance and the remainder of \$5,706,476 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

The District received \$532,710 in General State Aid and \$2,860 in Supplemental General State Aid subsequent to June 30, 2015 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2015.

UNIFIED SCHOOL DISTRICT NO. 473
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 3 - Long-Term Debt

Following is a detailed listing of the District's long-term debt outstanding at June 30, 2015:

<u>Debt Issue</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
General Obligation Bonds:					
Series 2009-A	05/15/09	3.00 - 5.00%	09/01/29	\$ 2,000,000	\$ 1,805,000
Series 2009-B	06/16/09	3.00 - 4.50%	09/01/29	6,235,000	<u>5,745,000</u>
Total General Obligation Bonds					<u>\$ 7,550,000</u>

The District is subject to statutes of the State of Kansas which limit the bonded debt outstanding to 14% of the assessed valuation. The District requested and received approval under applicable Kansas law which allows the issuance of bonded debt in excess of the general bonded debt limitation. The ratio of outstanding bonded debt to the assessed valuation as of June 30, 2015 was 10.52%.

Following is a summary of changes in long-term debt for the year ended June 30, 2015:

<u>Debt Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>	<u>Interest Paid Year Ended 6/30/2015</u>
General Obligation Bonds:					
Series 2009-A	\$ 1,865,000	\$ -	\$ 60,000	\$ 1,805,000	\$ 81,344
Series 2009-B	<u>5,930,000</u>	<u>-</u>	<u>185,000</u>	<u>5,745,000</u>	<u>255,361</u>
Total General Obligation Bonds	<u>\$ 7,795,000</u>	<u>\$ -</u>	<u>\$ 245,000</u>	<u>\$ 7,550,000</u>	<u>\$ 336,705</u>

Annual debt service requirements to maturity for general obligation bonds to be paid with tax levies:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 270,000	\$ 327,914	\$ 597,914
2017	295,000	316,696	611,696
2018	320,000	303,921	623,921
2019	350,000	290,007	640,007
2020	380,000	274,891	654,891
2021 - 2025	2,420,000	1,079,525	3,499,525
2026 - 2030	<u>3,515,000</u>	<u>415,186</u>	<u>3,930,186</u>
Total	<u>\$ 7,550,000</u>	<u>\$ 3,008,140</u>	<u>\$ 10,558,140</u>

UNIFIED SCHOOL DISTRICT NO. 473
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 4 - Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
General Fund	Parent Education Fund	K.S.A. 72-6428	\$ 18,250
General Fund	Special Education Fund	K.S.A. 72-6428	1,117,504
General Fund	Food Service Fund	K.S.A. 72-6428	46,600
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	50,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	100,000
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	289,838
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	1,000
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6433	<u>300,000</u>
Total			<u>\$ 1,923,192</u>

NOTE 5 - Defined Benefit Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS). KPERS is a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, etc. seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employers share.

Net Pension Liability. The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014 the net pension liability for KPERS was \$8,291,794,910. KPERS has determined the District's proportionate share of the net pension liability is \$9,415,775 as of June 30, 2014. The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at www.kpers.org or can be obtained as described in the first paragraph above.

NOTE 6 - Compensated Absences

Sick Leave

Certified Employees – Ten days of sick leave shall be granted to all full-time teachers after they have worked one day of their annual contract. Such sick leave entitlement shall cumulate up to a maximum of 70 days of unused sick leave. Teachers who are employed less than full-time shall be entitled to sick leave benefits based upon the following formula: The number of days or amount of time employed over a full employment year times the foregoing benefits received by full-time teachers. Termination of employment automatically cancels all sick leave benefits.

UNIFIED SCHOOL DISTRICT NO. 473
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 6 - Compensated Absences (Continued)

Teachers shall be compensated for their unused sick leave upon their retirement. Teacher disability or death while employed shall also be grounds for compensation. KPERS guidelines will be used to determine retirement and disability eligibility. Compensation will be determined as follows: a) 10 through 14 years of service with the District, \$5.00 per day, up to a maximum of 70 days, b) 15 years of service and over with the District, \$10.00 per day, up to a maximum of 70 days. Because so many events have to be met for unused sick leave to be paid, no accrual is made for unused sick leave.

Noncertified Employees – The Board shall allow one day of sick leave after three days service is performed and one additional day of sick leave for each full month of service completed, but accumulated unused sick leave shall not exceed seven times one year's maximum sick leave accumulation.

There shall be no payment for unused sick leave when an employee ceases employment with the District. Upon death or retirement only, employees shall be compensated for their unused sick leave whether upon KPERS or because of disability as follows: for 10-14 years of service with the District, the compensation shall be \$5.00 per day, up to the maximum allowable sick leave accumulation, except that those employees who work less than an eight hour day will be paid in proportion to the number of hours worked.

For 15 or more years of service with the District, the compensation shall be \$10.00 per day, up to the maximum allowable sick leave accumulation, except that those employees who work less than an eight hour day will be paid in proportion to the number of hours worked.

Vacation Leave

All full-time employees who are employed on a twelve-month basis may be granted a paid vacation each year. Vacation time for employees is two weeks per year for employees with 1-14 years of service. Employees with 15 years or more service receive 15 days (3 weeks) paid vacation. The Superintendent and the Administrative Assistant receive three weeks of vacation. If vacation leave is not taken by end of current year earned, it will be lost. No accrual for vacation leave value occurs.

Personal Leave

Each full time teacher shall be allowed two days of personal leave for any reason which the teacher believes to be more important than being in the classroom.

Personal leave shall be allowed in the same manner for teachers who are employed less than full time but in proportion to the time employed. Personal leave may accumulate for a limit of two years not to exceed four days in any contract year. No accrual for unused personal leave is made and would not be material to the financial statements.

NOTE 7 – Defined Contribution Pension Plan

The District contributes to the District Retirement Plan (DRP), a defined contribution plan, for its administrators and certified employees. DRP is administered by Baybridge.

Benefit terms, including contribution requirements, for DRP are established and may be amended by the Board of Education. For each employee in the pension plan, the District is required to match employee contributions based on the Retiree Group Level, and deposit it to an individual employee account. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits.

UNIFIED SCHOOL DISTRICT NO. 473
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 7 – Defined Contribution Pension Plan (Continued)

The District contributes to the 403(b) plan based on the following schedule:

<u>Retiree Group</u>	<u>Match Ratio</u>	<u>Term</u>
Eligible to retire 2019/2020 to 2023/2024	4 to 1 up to \$50 per month	Through Year 8
Eligible to retire 2019/2020 to 2023/2024	1 to 1 up to \$50 per month	After Year 8 and Through Remainder of Employment
Eligible to retire 2024/2025 to 2028/2029	2 to 1 up to \$50 per month	Through Year 12
Eligible to retire 2024/2025 to 2028/2029	1 to 1 up to \$50 per month	After Year 12 and Through Remainder of Employment
Eligible to retire 2029/2030 and new hires	1 to 1 up to \$50 per month	Duration of Employment

For the year ended June 30, 2015, employee contributions totaled \$26,455, and the District recognized pension expense of \$75,800.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in the District contributions and earnings on District contributions based on a 15 year vesting schedule of creditable service with the District. Nonvested District contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended June 30, 2015, there were no forfeitures.

Employer matching contributions are subject to the following vesting schedule:

<u>Years of Employment</u>	<u>Vested Percentage</u>
1-5 years	0%
6 years	10%
7 years	20%
8 years	30%
9 years	40%
10 years	50%
11 years	60%
12 years	70%
13 years	80%
14 years	90%
15 years	100%

NOTE 8 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

UNIFIED SCHOOL DISTRICT NO. 473
Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 9 - Termination Benefits

The District provides an early retirement program for certain eligible employees. Those eligible under this program may receive benefits up to five years. Payments for retired employees under this plan were \$52,350 for the year ended June 30, 2015.

NOTE 10 - Commitments and Contingencies

The District, receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on these financial statements of the District.

The District's general obligation bond issues are subject to the arbitrage provisions of Section 148 of the Internal Revenue Code. These provisions include the potential for rebates to the Federal Government of the earnings on the bond proceeds in excess of the yield on the bonds. The amounts of any future rebates due on other bonds or temporary notes have not been determined.

NOTE 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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UNIFIED SCHOOL DISTRICT NO. 473
 Summary of Expenditures - Actual and Budget
 (Budgeted Funds Only)
 Regulatory Basis
 For the Year Ended June 30, 2015

<u>Funds</u>	<u>Certified Budget</u>	Adjustment to <u>Comply with Legal Max</u>	Adjustment for <u>Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Over [Under]</u>
Governmental Fund Types:						
General Funds:						
General	\$ 7,370,802	\$ [154,850]	\$ 121,528	\$ 7,337,480	\$ 7,337,480	\$ -
Supplemental General	2,523,830	[48,120]	-	2,475,710	2,475,710	-
Special Purpose Funds:						
At Risk (K-12)	464,703	-	-	464,703	373,919	90,784
Bilingual Education	12,185	-	-	12,185	5,846	6,339
Capital Outlay	2,618,224	-	-	2,618,224	357,707	2,260,517
Driver Training	19,717	-	-	19,717	13,907	5,810
Food Service	708,866	-	-	708,866	686,660	22,206
Professional Development	5,783	-	-	5,783	4,296	1,487
Parent Education	47,200	-	-	47,200	46,238	962
Special Education	1,378,861	-	-	1,378,861	1,330,413	48,448
Vocational Education	423,266	-	-	423,266	397,433	25,833
KPERS Special Retirement Contribution	798,972	-	-	798,972	677,423	121,549
Gifts and Grants	21,100	-	-	21,100	24,638	[3,538]
Federal Funds	191,834	-	-	191,834	196,934	[5,100]
Debt Service Fund:						
Bond and Interest	581,806	-	-	581,806	581,705	101

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,276,848	\$ -	\$ -	\$ -
Delinquent taxes	18,635	-	-	-
State Aid:				
Equalization aid	4,942,375	6,287,342	6,222,632	64,710
Special education aid	955,417	917,504	1,078,800	[161,296]
Federal aid	69,372	11,106	69,370	[58,264]
Reimbursed expenses	37,181	121,528	-	121,528
Total Receipts	<u>7,299,828</u>	<u>7,337,480</u>	<u>\$ 7,370,802</u>	<u>\$ [33,322]</u>
Expenditures				
Instruction	3,835,441	3,915,391	\$ 3,949,809	\$ 34,418
Student support services	209,977	125,751	210,812	85,061
Instructional support services	136,130	82,514	138,554	56,040
General administration	254,042	317,793	240,410	[77,383]
School administration	254,761	243,134	240,777	[2,357]
Central Services	-	-	284,708	284,708
Operations and maintenance	397,757	346,254	396,181	49,927
Other support services	314,094	223,638	-	[223,638]
Transportation	834,717	782,740	786,551	3,811
Student activities	129,967	117,911	-	[117,911]
Capital outlay	5,594	-	-	-
Transfers out	927,348	1,182,354	1,123,000	[59,354]
Adjustments to comply with legal max	-	-	[154,850]	[154,850]
Adjustment for qualifying budget credit	-	-	121,528	121,528
Total Expenditures	<u>7,299,828</u>	<u>7,337,480</u>	<u>\$ 7,337,480</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	Actual	Actual	Budget	[Under]
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 1,451,542	\$ 1,188,566	\$ 10,653	\$ 1,177,913
Delinquent taxes	25,970	17,962	29,696	[11,734]
Motor vehicle tax	190,108	201,510	181,110	20,400
Recreational vehicle tax	4,120	3,417	3,619	[202]
State aid	779,444	862,582	1,072,375	[209,793]
Miscellaneous	-	239	-	239
Total Receipts	<u>2,451,184</u>	<u>2,274,276</u>	<u>\$ 1,297,453</u>	<u>\$ 976,823</u>
Expenditures				
Instruction	89,384	33,096	\$ 181,873	\$ 148,777
Student support services	-	27,563	-	[27,563]
Instructional support services	174,877	260,841	-	[260,841]
School administration	447,315	525,950	508,373	[17,577]
Central Services	-	9,557	-	[9,557]
Operations and maintenance	1,019,906	877,865	832,860	[45,005]
Transportation	-	-	57,936	57,936
Capital outlay	1,750	-	-	-
Transfers out	737,621	740,838	942,788	201,950
Adjustments to comply with legal max	-	-	[48,120]	[48,120]
Total Expenditures	<u>2,470,853</u>	<u>2,475,710</u>	<u>\$ 2,475,710</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[19,669]	[201,434]		
Unencumbered Cash, Beginning	<u>227,429</u>	<u>207,760</u>		
Unencumbered Cash, Ending	<u>\$ 207,760</u>	<u>\$ 6,326</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
At Risk (K-12) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 376,000	\$ 300,000	\$ 363,600	\$ [63,600]
Total Receipts	<u>376,000</u>	<u>300,000</u>	<u>\$ 363,600</u>	<u>\$ [63,600]</u>
Expenditures				
Instruction	428,898	373,919	\$ 461,203	\$ 87,284
Instructional support services	2,941	-	3,500	3,500
Total Expenditures	<u>431,839</u>	<u>373,919</u>	<u>\$ 464,703</u>	<u>\$ 90,784</u>
Receipts Over [Under] Expenditures	[55,839]	[73,919]		
Unencumbered Cash, Beginning	<u>156,943</u>	<u>101,104</u>		
Unencumbered Cash, Ending	<u>\$ 101,104</u>	<u>\$ 27,185</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
 Bilingual Education Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2015
 (With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	-	-
Expenditures				
Instruction	1,808	5,846	\$ 12,185	\$ 6,339
Total Expenditures	1,808	5,846	\$ 12,185	\$ 6,339
Receipts Over [Under] Expenditures	[1,808]	[5,846]		
Unencumbered Cash, Beginning	29,786	27,978		
Unencumbered Cash, Ending	\$ 27,978	\$ 22,132		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
Capital Outlay Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 138,424	\$ 279,687	\$ 259,082	\$ 20,605
Delinquent taxes	2,950	1,677	2,835	[1,158]
Motor vehicle tax	15,429	25,186	16,023	9,163
Recreational vehicle tax	209	296	320	[24]
Investment income	12,092	12,635	12,100	535
Miscellaneous	61,090	32,901	17,000	15,901
Federal aid	76,942	4,760	-	4,760
State aid	-	38,194	68,888	[30,694]
Sale of property	85,942	143,163	-	143,163
Other local sources	-	-	131,000	[131,000]
Total Receipts	<u>393,078</u>	<u>538,499</u>	<u>\$ 507,248</u>	<u>\$ 31,251</u>
Expenditures				
Property and equipment - instruction	335,077	130,985	\$ 457,224	\$ 326,239
Operations and maintenance	91,749	133,372	-	[133,372]
Property and equipment - transportation	303,915	-	1,316,000	1,316,000
Site improvement services	39,051	3,152	5,000	1,848
Architectural and engineering services	-	-	5,000	5,000
Building repair and remodeling	<u>647,006</u>	<u>90,198</u>	<u>835,000</u>	<u>744,802</u>
Total Expenditures	<u>1,416,798</u>	<u>357,707</u>	<u>\$ 2,618,224</u>	<u>\$ 2,260,517</u>
Receipts Over [Under] Expenditures	[1,023,720]	180,792		
Unencumbered Cash, Beginning	<u>4,776,767</u>	<u>3,753,047</u>		
Unencumbered Cash, Ending	<u>\$ 3,753,047</u>	<u>\$ 3,933,839</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Miscellaneous	\$ 11,075	\$ 10,870	\$ -	\$ 10,870
State aid	3,485	5,487	5,015	472
Total Receipts	<u>14,560</u>	<u>16,357</u>	<u>\$ 5,015</u>	<u>\$ 11,342</u>
Expenditures				
Instruction	9,484	10,738	\$ 16,507	\$ 5,769
Instructional support services	245	210	250	40
Operations and maintenance	2,561	2,959	2,960	1
Total Expenditures	<u>12,290</u>	<u>13,907</u>	<u>\$ 19,717</u>	<u>\$ 5,810</u>
Receipts Over [Under] Expenditures	2,270	2,450		
Unencumbered Cash, Beginning	<u>57,709</u>	<u>59,979</u>		
Unencumbered Cash, Ending	<u>\$ 59,979</u>	<u>\$ 62,429</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
Food Service Fund
Schedule Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Federal aid	\$ 323,094	\$ 343,609	\$ 311,743	\$ 31,866
State aid	6,114	6,436	5,234	1,202
Charges for services	210,384	217,721	206,491	11,230
Miscellaneous	-	-	50,000	[50,000]
Transfers in	30,000	96,600	110,000	[13,400]
Total Receipts	<u>569,592</u>	<u>664,366</u>	<u>\$ 683,468</u>	<u>\$ [19,102]</u>
Expenditures				
Food service operation	652,771	676,925	\$ 708,866	\$ 31,941
Operations and maintenance	13,103	9,735	-	[9,735]
Total Expenditures	<u>665,874</u>	<u>686,660</u>	<u>\$ 708,866</u>	<u>\$ 22,206</u>
Receipts Over [Under] Expenditures	[96,282]	[22,294]		
Unencumbered Cash, Beginning	<u>127,269</u>	<u>30,987</u>		
Unencumbered Cash, Ending	<u>\$ 30,987</u>	<u>\$ 8,693</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
Professional Development Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 2,000	\$ 1,000	\$ 2,000	\$ [1,000]
Total Receipts	<u>2,000</u>	<u>1,000</u>	<u>\$ 2,000</u>	<u>\$ [1,000]</u>
Expenditures				
Instruction	-	32	\$ -	\$ [32]
Instructional support services	17,389	4,264	5,783	1,519
Total Expenditures	<u>17,389</u>	<u>4,296</u>	<u>\$ 5,783</u>	<u>\$ 1,487</u>
Receipts Over [Under] Expenditures	[15,389]	[3,296]		
Unencumbered Cash, Beginning	<u>19,172</u>	<u>3,783</u>		
Unencumbered Cash, Ending	<u>\$ 3,783</u>	<u>\$ 487</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
Parent Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
State aid	\$ 25,758	\$ 28,000	\$ 28,000	\$ -
Transfers in	17,550	18,250	19,200	[950]
Total Receipts	<u>43,308</u>	<u>46,250</u>	<u>\$ 47,200</u>	<u>\$ [950]</u>
Expenditures				
Student support services	<u>43,307</u>	<u>46,238</u>	<u>\$ 47,200</u>	<u>\$ 962</u>
Total Expenditures	<u>43,307</u>	<u>46,238</u>	<u>\$ 47,200</u>	<u>\$ 962</u>
Receipts Over [Under] Expenditures	1	12		
Unencumbered Cash, Beginning	<u>74</u>	<u>75</u>		
Unencumbered Cash, Ending	<u>\$ 75</u>	<u>\$ 87</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Miscellaneous	\$ 13,490	\$ 8,085	\$ -	\$ 8,085
Federal aid	17,249	4,417	-	4,417
Transfers in	<u>1,017,419</u>	<u>1,217,504</u>	<u>1,278,800</u>	<u>[61,296]</u>
Total Receipts	<u>1,048,158</u>	<u>1,230,006</u>	<u>\$ 1,278,800</u>	<u>\$ [48,794]</u>
Expenditures				
Instruction	1,296,826	1,273,797	\$ 1,323,184	\$ 49,387
Transportation	<u>51,514</u>	<u>56,616</u>	<u>55,677</u>	<u>[939]</u>
Total Expenditures	<u>1,348,340</u>	<u>1,330,413</u>	<u>\$ 1,378,861</u>	<u>\$ 48,448</u>
Receipts Over [Under] Expenditures	[300,182]	[100,407]		
Unencumbered Cash, Beginning	<u>549,756</u>	<u>249,574</u>		
Unencumbered Cash, Ending	<u>\$ 249,574</u>	<u>\$ 149,167</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
Vocational Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Reimbursed expenses	\$ 3,961	\$ 3,353	\$ -	\$ 3,353
Federal aid	27,398	26,916	-	26,916
State aid	-	-	72	[72]
Miscellaneous	930	-	29,411	[29,411]
Transfers in	252,000	289,838	292,188	[2,350]
Total Receipts	<u>284,289</u>	<u>320,107</u>	<u>\$ 321,671</u>	<u>\$ [1,564]</u>
Expenditures				
Instruction	391,866	393,270	\$ 410,466	\$ 17,196
Instructional support services	5,905	4,134	6,800	2,666
Operations and maintenance	-	29	6,000	5,971
Total Expenditures	<u>397,771</u>	<u>397,433</u>	<u>\$ 423,266</u>	<u>\$ 25,833</u>
Receipts Over [Under] Expenditures	[113,482]	[77,326]		
Unencumbered Cash, Beginning	<u>215,076</u>	<u>101,594</u>		
Unencumbered Cash, Ending	<u>\$ 101,594</u>	<u>\$ 24,268</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
KPERS Special Retirement Contribution Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	<u>[Under]</u>
Receipts				
State aid	\$ 665,810	\$ 677,423	\$ 798,972	\$ [121,549]
Total Receipts	<u>665,810</u>	<u>677,423</u>	<u>\$ 798,972</u>	<u>\$ [121,549]</u>
Expenditures				
Instruction	408,980	425,296	\$ 487,373	\$ 62,077
Student support services	22,711	26,307	23,969	[2,338]
Instructional support services	25,568	26,061	31,959	5,898
General administration	15,706	15,706	15,980	274
School administration	64,172	67,007	79,897	12,890
Other supplemental services	13,878	15,466	15,980	514
Operations and maintenance	41,749	43,189	47,939	4,750
Student transportation services	46,232	39,775	63,917	24,142
Food service	26,814	18,616	31,958	13,342
Total Expenditures	<u>665,810</u>	<u>677,423</u>	<u>\$ 798,972</u>	<u>\$ 121,549</u>
Receipts Over [Under] Expenditures	-	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
Gifts and Grants Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Contributions and donations	\$ 8,523	\$ 28,540	\$ 20,000	\$ 8,540
Total Receipts	<u>8,523</u>	<u>28,540</u>	<u>20,000</u>	<u>8,540</u>
Expenditures				
Instruction	-	3,031	\$ 10,000	\$ 6,969
Instructional support services	-	7,893	3,400	[4,493]
Student support services	1,276	386	-	[386]
General administration	-	500	100	[400]
Student transportation services	-	12,828	100	[12,728]
Operations and maintenance	<u>6,782</u>	<u>-</u>	<u>7,500</u>	<u>7,500</u>
Total Expenditures	<u>8,058</u>	<u>24,638</u>	<u>\$ 21,100</u>	<u>\$ [3,538]</u>
Receipts Over [Under] Expenditures	465	3,902		
Unencumbered Cash, Beginning	<u>3,326</u>	<u>3,791</u>		
Unencumbered Cash, Ending	<u>\$ 3,791</u>	<u>\$ 7,693</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
Federal Funds
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015

	<u>Title I</u>	<u>Title II A</u>	<u>Title I Carryover</u>	<u>Actual</u>	<u>Budget</u>	Variance Over [Under]
Receipts						
Federal aid	\$ 146,585	\$ 40,249	\$ 10,100	\$ 196,934	\$ 191,834	\$ 5,100
Total Receipts	<u>146,585</u>	<u>40,249</u>	<u>10,100</u>	<u>196,934</u>	<u>\$ 191,834</u>	<u>\$ 5,100</u>
Expenditures						
Instruction	145,865	40,249	10,100	196,214	\$ 189,584	\$ [6,630]
Student support services	525	-	-	525	1,500	975
Instructional support services	-	-	-	-	600	600
General administration	<u>195</u>	<u>-</u>	<u>-</u>	<u>195</u>	<u>150</u>	<u>[45]</u>
Total Expenditures	<u>146,585</u>	<u>40,249</u>	<u>10,100</u>	<u>196,934</u>	<u>\$ 191,834</u>	<u>\$ [5,100]</u>
Receipts Over [Under] Expenditures	-	-	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
Student Materials Revolving Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended June 30, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Charges for services	\$ 106,413	\$ 126,581
Total Receipts	<u>106,413</u>	<u>126,581</u>
Expenditures		
Instruction	<u>65,552</u>	<u>153,041</u>
Total Expenditures	<u>65,552</u>	<u>153,041</u>
Receipts Over [Under] Expenditures	40,861	[26,460]
Unencumbered Cash, Beginning	<u>39,671</u>	<u>80,532</u>
Unencumbered Cash, Ending	<u>\$ 80,532</u>	<u>\$ 54,072</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 473
Contingency Reserve Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended June 30, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfers in	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Capital outlay	-	116,069
Transfers out	<u>30,000</u>	<u>-</u>
Total Expenditures	<u>30,000</u>	<u>116,069</u>
Receipts Over [Under] Expenditures	[30,000]	[116,069]
Unencumbered Cash, Beginning	<u>800,159</u>	<u>770,159</u>
Unencumbered Cash, Ending	<u>\$ 770,159</u>	<u>\$ 654,090</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 473
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2015
(With Comparative Actual Amounts for the Year Ended June 30, 2014)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	\$ 453,429	\$ 458,776	\$ 422,272	\$ 36,504
Delinquent taxes	6,952	5,393	9,321	[3,928]
Motor vehicle tax	56,307	54,379	49,797	4,582
Recreational vehicle tax	1,220	913	995	[82]
State aid	<u>136,501</u>	<u>139,609</u>	<u>139,609</u>	-
Total Receipts	<u>654,409</u>	<u>659,070</u>	<u>\$ 621,994</u>	<u>\$ 37,076</u>
Expenditures				
Principal	225,000	245,000	\$ 245,000	\$ -
Interest	<u>343,755</u>	<u>336,705</u>	<u>336,806</u>	<u>101</u>
Total Expenditures	<u>568,755</u>	<u>581,705</u>	<u>\$ 581,806</u>	<u>\$ 101</u>
Receipts Over [Under] Expenditures	85,654	77,365		
Unencumbered Cash, Beginning	<u>814,199</u>	<u>899,853</u>		
Unencumbered Cash, Ending	<u>\$ 899,853</u>	<u>\$ 977,218</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
 Student Organization Funds
 Summary of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended June 30, 2015

<u>FUND</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Blue Ridge Elementary				
Student activity	\$ 1,117	\$ -	\$ 30	\$ 1,087
Total Blue Ridge Elementary Activity Funds	<u>1,117</u>	<u>-</u>	<u>30</u>	<u>1,087</u>
Enterprise Elementary				
Student activity	2,194	1,855	1,500	2,549
Total Enterprise Elementary Activity Funds	<u>2,194</u>	<u>1,855</u>	<u>1,500</u>	<u>2,549</u>
Rural Center Elementary				
Student activity	1,505	2,943	1,999	2,449
Total Rural Center Elementary Activity Funds	<u>1,505</u>	<u>2,943</u>	<u>1,999</u>	<u>2,449</u>
Chapman Elementary				
Student activity	-	13,884	7,438	6,446
Total Chapman Elementary Activity Funds	<u>-</u>	<u>13,884</u>	<u>7,438</u>	<u>6,446</u>
Chapman Middle School				
Student activity	1,249	6,796	7,244	801
GBB scholarship	3,594	-	150	3,444
Archery	-	3,716	-	3,716
Student council	2,895	24,956	26,016	1,835
Total Chapman Middle Activity Funds	<u>7,738</u>	<u>35,468</u>	<u>33,410</u>	<u>9,796</u>
High School Funds				
AFG	1,787	2,744	3,210	1,321
AFS	165	100	148	117
ASP	6,817	5,722	10,816	1,723
Lifeskills	576	513	61	1,028
Construction club	150	2,796	2,800	146
FCA	25	-	-	25
Drama	498	2,093	2,095	496
FFA	3,035	65,658	65,603	3,090
FCCLA	201	11,955	10,352	1,804
Hi-Y	331	2,486	2,105	712
National Honor Society	1,249	3,549	3,646	1,152
Students Against Drunk Driving	5,144	9,328	10,450	4,022
Cheerleaders	890	14,516	11,816	3,590
Student Council	4,866	5,065	6,133	3,798
Scholars Bowl	735	914	1,026	623
Dance	22	4,168	3,008	1,182
Tri-M	2,407	7,204	6,531	3,080
FBLA	6,213	3,376	3,801	5,788
FIRE	498	2,049	2,334	213
Band	9,995	7,436	9,712	7,719
Letterman's Club	8,411	-	1,127	7,284
Kid's Rec	-	800	800	-
Art Club	-	3,592	428	3,164
Photo Club	-	1,300	1,300	-
Total High School Activity Funds	<u>54,015</u>	<u>157,364</u>	<u>159,302</u>	<u>52,077</u>
Payroll Clearing	<u>9,903</u>	<u>-</u>	<u>2,263</u>	<u>7,640</u>
TOTAL STUDENT ORGANIZATION FUNDS	<u>\$ 76,472</u>	<u>\$ 211,514</u>	<u>\$ 205,942</u>	<u>\$ 82,044</u>

See independent auditor's report on the financial statements.

SCHEDULE 4

UNIFIED SCHOOL DISTRICT NO. 473
 District Activity Funds
 Schedule of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
 For the Year Ended June 30, 2015

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<u>Gate Receipts:</u>							
High School	\$ -	\$ -	\$ 43,263	\$ 43,263	\$ -	\$ -	\$ -
Total Gate Receipts	-	-	43,263	43,263	-	-	-
<u>School Projects:</u>							
Blue Ridge Elementary							
Petty Cash	50	-	-	-	50	-	50
Total Blue Ridge Elementary	50	-	-	-	50	-	50
Enterprise Elementary							
Petty Cash	50	-	250	258	42	-	42
Total Enterprise Elementary	50	-	250	258	42	-	42
Rural Center Elementary							
Petty Cash	-	-	184	158	26	-	26
Total Rural Center Elementary	-	-	184	158	26	-	26
Chapman Elementary							
Vending Machines	36	-	33	-	69	-	69
Activity	3,810	-	-	3,810	-	-	-
Petty Cash	100	-	294	294	100	-	100
Total Chapman Elementary	3,946	-	327	4,104	169	-	169
Chapman Middle School							
Vending Machines	587	-	1,374	1,779	182	-	182
Petty Cash	101	-	583	534	150	-	150
Total Chapman Middle School	688	-	1,957	2,313	332	-	332
Chapman High School							
Petty Cash	100	-	134	134	100	-	100
Locks	126	-	-	126	-	-	-
Sales Tax	165	-	9,048	6,195	3,018	-	3,018
Total Chapman High School	391	-	9,182	6,455	3,118	-	3,118
Total School Projects	5,125	-	11,900	13,288	3,737	-	3,737
Total District Activity Funds	\$ 5,125	\$ -	\$ 55,163	\$ 56,551	\$ 3,737	\$ -	\$ 3,737

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 473
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Restated Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
U.S. Department of Education					
Impact Aid	84.041	\$ -	\$ 20,282	\$ 20,282	\$ -
Passed through Kansas					
Department of Education (KSDE):					
Title I	84.010	-	156,685	156,685	-
Title II-A Teacher Quality	84.367	-	40,249	40,249	-
Total Passed Through KSDE		-	196,934	196,934	-
Total U.S. Department of Education		-	217,216	217,216	-
U.S. Department of Defense					
Impact Aid	12.558	-	26,916	26,916	-
Total U.S. Department of Defense		-	26,916	26,916	-
U.S. Department of Agriculture					
Passed through Kansas					
Department of Education (KSDE):					
School Breakfast	10.553	-	83,335	83,335	-
National School Lunch Program	10.555	-	259,925	259,925	-
Federal School Food Service	10.560	-	50	50	-
Team Nutrition	10.574	-	300	300	-
Total U.S. Department of Agriculture		-	343,610	343,610	-
Passed Through KSDE		-	343,610	343,610	-
Total		\$ -	\$ 587,742	\$ 587,742	\$ -

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 473
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of Unified School District No. 473. All expenditures of federal financial assistance received directly from federal agencies, if any as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances.

UNIFIED SCHOOL DISTRICT NO. 473
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Adverse - GAAP
Unmodified - Regulatory Basis

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency (ies) identified that are not
considered to be material weaknesses?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency (ies) identified that are not
considered to be material weaknesses?

_____ Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with section 510(a)
of Circular A-133?

_____ Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553, 10.555

Child Nutrition Cluster

Dollar threshold used to distinguish between
type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

UNIFIED SCHOOL DISTRICT NO. 473
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2015

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted

Prior Year Findings

None Noted



MIZE & HOUSER
COMPANY, P.A.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

Board of Education
Unified School District No. 473
Chapman, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting, the financial statements of the Unified School District No. 473, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated October 21, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain other matters that we reported to management of the District in a separate letter dated October 21, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mike Houser: Company PA

Certified Public Accountants

Lawrence, KS
October 21, 2015



MIZE & HOUSER
COMPANY^{PA}

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Education
Unified School District No. 473
Chapman, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Unified School District No. 473, (the District) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal financial programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Kansas Municipal Audit and Accounting Guide. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charge with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mike Houser: Company PA

Certified Public Accountants

Lawrence, KS
October 21, 2015